

Message Text

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C O R R E C T E D C O P Y (TEXT, PARA 2)

E.O. 11652: N/A

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SUBJECT: FORMATION OF ROMANIAN-EGYPTIAN JOIN BANK

REF: A. CAIRO 10724, B. STATE 197882

1. OFFICIAL BULLETIN ANNOUNCED ROMANIAN APPROVAL, (DECREE NO 220 OF 1 JULY 1976) OF AN EGYPTIAN-ROMANIAN BANK LOCATED IN CAIRO. ANNOUNCEMENT CONFIRMS DATA ON PARTICIPATING ROMANIAN BANKS AND CAPITALIZATION PREVIOUSLY REPORTED BY FBIS AND EMBASSY CAIRO.

2. EMB OFFICER CALLED ON EGYPTIAN COMMERCIAL OFFCER WHO SAID THAT, TO HIS KNOWLEDGE, EGYPTIAN PRESIDENTIAL DECREE AUTHORIZING BANK NOT YET ISSUED BUT THAT THERE IS NO PROBLEM AND THAT APPROVAL IS EXPECTED ANY TIME. BANK IS FIRST SUCH VENTURE IN MIDDLE EAST AND WILL SUPPORT BILATERAL TRADE AND COMMERCIAL ACTIVITIES BETWEEN TWO COUNTRIES. EGYPTIAN OFFICER ALSO SPECULATED THAT THE NEW BANK MAY EVENTUALLY UNCLASSIFIED

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BECOME THE CENTER FOR ROAMIAN FINANCIAL OPERATIONS IN

OTHER MIDDLE EASTERN COUNTRIES. BANK WILL DEAL ONLY IN HARD CURRENCY AND ROMANIA'S 49 PERCENT MUST BE IN CONVERTIBLE FUNDS.

3. EGYPTIAN OFFICER ALSO PROVIDED FOLLOWING COMMENTS ON BILATERAL EGYPTIAN-ROMANIAN TRADE. EGYPTIAN-ROMANIAN TRADE TURN-OVER FOR 1975 WAS EITHER 120 OR 146 MILLION DOLLARS, DEPENDING ON WHETHER ROMANIAN OR GATT STATISTICS WERE USED. LAST YEAR, AT ROMANIAN INITIATIVE, ROMANIAN-EGYPTIAN TRADE BEGAN TO BE PUT ON HARD CURRENCY BASIS. HE THOUGHT THAT 26 MILLION DOLLAR DIFFERENCE COULD BE AMOUNT OF HARD CURRENCY TRADE SINCE AGREEMENT. EGYPT IMPORTS WOOD AND WOOD PRODUCTS (BUT NOT FURNITURE), PAPER AND PAPER PRODUCTS, AS WELL AS SOME INDUSTRIAL GOODS. IN RETURN, ROMANIA IMPORTS PRIMARILY COTTON FROM EGYPT. ROMANIAN GOVT HAS ASKED EOR OIL BUT EGYPT IN NO POSITION TO EXPORT OIL TO ROMANIA. EGYPT IS ROMANIA'S MOST IMPORTANT TRADING PARTNER IN MIDDLE EAST; HOWEVER, IT WILL SOON SHARE THAT HONOR WITH LIBYA. ROMANIA HAS THREE PROJECTS IN EGYPT, NONE OF WHICH IS YET COMPLETED: A PHOSPHATE FERTILIZER PLANT BEGUN IN 1964 (CAPITALIZATION 9 MILLION DOLLARS), A SMALL SULPHURIC ACID UNIT, AND A SODA ASH FACTORY IN ALEXANDRIA.

BARNES

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